

TEMPORARY

72579-T

APPLICATION FOR PERMISSION TO CHANGE POINT OF DIVERSION, MANNER OF USE AND PLACE OF USE OF THE PUBLIC WATERS OF THE STATE OF NEVADA HERETOFORE APPROPRIATED

Date of filing in State Engineer's Office APR 12 2005

Returned to applicant for correction _____

Corrected application filed _____

Map filed MAY 10 2005

The applicant **Nevada Rae Gold, Inc** hereby make application for permission to change the **manner and place of use** of water heretofore appropriated under **Certificate 11784 (Permit 41141)**

1. The source of water is a **drilled well, pump and distribution system (well 41141 on the attached map)**
2. The amount of water to be changed **remains at 0.84 c.f.s but not to exceed 73.584 million gallons**
3. The water to be used for **milling, dust control and domestic**
4. The water heretofore permitted for **mining and milling**
5. The water is to be diverted at the following point **Well 41141 is located on Lot 1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$) Section 24, T.29N., R.47E., MDB&M or at a point from which the NE Section corner of said section 24 bears N 19° 05' 26" E., a distance of 870.52 ft**
6. The existing permitted point of diversion is located within
7. Proposed place of use **portion E $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 24 T.29N., R.47E. MDB&M and a portion of the W $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ Sections 19, T.29N., R.48E. MDB&M on the west side of Highway 306 (see Figure 2).**
8. Existing place of use **Lot 1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$) of Section 24, T.29N., R.47E., MDB&M.. (old mill has been decommissioned)**
9. Use will be from **January 1st to December 31st** of each year.
10. Use was permitted from **April 10th to December 10th** of each year.
11. Description of proposed works **to be conveyed by means of 8 inch pipeline downsized to 4 inch pipeline at split to gold processing building and before reaching the office and maintenance building**
12. Estimated cost of works **\$10,000**
13. Estimated time required to construct works **Existing well is a 420-foot deep with 12-inch diameter. Pipeline installation will take approximately 3 weeks to complete once buildings are constructed**
14. Estimated time required to complete the application of water to beneficial use **two months**

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15. Remarks: Well is currently inactive and need to be connected to lines for demonstration of beneficial use. Water will be diverted from existing well 41141 by pipeline north 440 ft thence due east 290 ft thence N 88° E a distance of 285 ft with the pipe splitting 125 ft to north to a gold recovery building and splitting due east a distance of 165 ft to an office building. The same line at the split would continue a distance of 125 ft at N 25° E to the maintenance building. All buildings for intended use are located in (NW¼, NW¼) Section 19, T29N., R48E., MDB&M. The gold building influent is a point where the NW corner of Section 19 bears N 35° W at a distance of 470 ft. The office influent is at a point where the NW corner of Section 19 bears N 40° W at a distance of 675 ft. The maintenance building influent is at a point where the NW corner of Section 19 bears N 50° W at a distance of 635 ft. Once facilities are constructed, the lines will be surveyed by a Licensed Water Surveyor and an application for permanent use will be submitted to the State Engineer for review.

By Sean C. Muller
 s/ Sean C. Muller, Agent
 267-B East 29th St., Suite 136
 Loveland, CO 80538

Compared lt/gkl lt/gkl
 Protested _____

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit to change the manner of use and place of use of the waters of an underground source as heretofore granted under Permit 41141, Certificate 11784 is issued subject to the terms and conditions imposed in said Permit 41141, Certificate 11784 and with the understanding that no other rights on the source will be affected by the change proposed herein. The well shall be equipped with a 2-inch opening and a totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of the water begins or before the proof of completion of work is filed. If the well is flowing, a valve must be installed and maintained to prevent waste. This source is located within an area designated by the State Engineer pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted at any and all times.

This permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

The total combined duty of water under Permit 41141, Certificate 11784; Permit 60072 and Temporary Permits 72287-T and 72579-T shall not exceed 124.05 million gallons annually.

This permit is issued under the preferred use provisions of NRS Chapter 534. The manner of use of water under this permit is by nature of its activity a temporary use and any application to change the manner of use granted under this permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the ground water basin.

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

(Continued on Page 3)

A monthly report shall be submitted to the State Engineer within 10 days from the end of each month which shall include the amount of water pumped from the well and the amount of water used.

This temporary permit is issued pursuant to the provisions of NRS 533.345 Section 2 and will expire on June 19, 2006 at which time all rights herein granted shall revert to the right being changed by this temporary permit.

The amount of water to be changed shall be limited to the amount which can be applied to beneficial use, and not to exceed 0.84 cubic feet per second, but not to exceed 73.584 million gallons annually.

Work must be prosecuted with reasonable diligence and be completed on or before:

Proof of completion of work shall be filed on or before:

Water must be placed to beneficial use on or before:

Proof of the application of water to beneficial use shall be filed on or before:

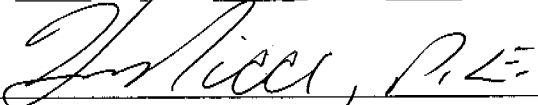
Map in support of proof of beneficial use shall be filed on or before:

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IN TESTIMONY WHEREOF, I, HUGH RICCI, P.E.,

State Engineer of Nevada, have hereunto set
my hand and the seal of my office,

this 20th day of June A.D. 2005



State Engineer